



## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298**FILED**11-14-16  
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## TO PARTIES OF RECORD IN RULEMAKING 12-12-011:

This is the proposed decision of Commissioner Randolph. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 15, 2016 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ KAREN V. CLOPTONKaren V. Clopton, Chief  
Administrative Law Judge

KVC:ek4

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER RANDOLPH**  
(Mailed 11/14/2016)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on  
Regulations Relating to Passenger Carriers,  
Ridesharing, and New Online-Enabled  
Transportation Services.

Rulemaking 12-12-011  
(Filed December 20, 2012)

**PROPOSED DECISION FOR PHASE III. A.: DEFINITION OF  
PERSONAL VEHICLE**

**Summary**

In this decision, the Commission adopts and interprets the newly enacted definition of a personal vehicle that is used by a Transportation Network Company driver to provide transportation services in California. As we explain, a personal vehicle is defined as a vehicle that fits into any of the following four categories:

- 1) Owned;
- 2) Leased;
- 3) Rented for a term that does not exceed 30 days; or
- 4) Otherwise authorized for use by the participating driver.

In providing this explication, the Commission confirms its authority to interpret and apply statutes passed by the Legislature that impact the Commission's power to regulate the utilities and entities subject to its jurisdiction.

The Commission also finds that no matter which of the four vehicle ownership and/or possession categories the TNC driver opts to utilize, the Commission's existing TNC regulations, as well as the laws passed by the

Legislature, will apply to the personal vehicle if the TNC driver wishes to legally provide transportation services in California.

This proceeding remains open.

## **1. Background**

### **1.1. The Commission's Jurisdiction Over TNCs**

Decision (D.) 13-09-045 created a new sub-category of transportation charter party carrier (TCP) of passengers called TNCs' that were subject to this Commission's jurisdiction pursuant to Article XII of the California Constitution and the Passenger Charter-party Carriers' Act (Pub. Util. Code § 5351 et seq.).<sup>1</sup> In D.13-09-045, Finding of Fact # 8, a TNC was defined as an organization that provides prearranged transportation services for compensation using an online-enable application or platform to connect passengers with drivers using their personal vehicles. In D.13-09-045, Finding of Fact #10, the term private vehicles was used. Yet D.13-09-045 did not define either personal vehicles or private vehicles.<sup>2</sup>

### **1.2. Phase II and the Concept of Personal Vehicle**

In response to the Phase II Scoping Memo and Ruling, the Amended Scoping Memo and Ruling, and the Assigned Commissioner's Ruling(s),

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<sup>1</sup> The Commission's jurisdiction over TNCs was confirmed by the passage of Assembly Bill (AB) 2293 (Bonilla), which was signed into law on September 17, 2014, and added §§5430 through 5443 to the Public Utilities Code. Specifically, while acknowledging its oversight authority and authority to enact legislation to adjust Commission authority, the Legislature added §5441 which states that the "Legislature does not intend, and nothing in this article shall be construed, to prohibit the commission from exercising its rulemaking authority in a manner consistent with this article, or to prohibit enforcement activities relate to transportation network companies." Of note is the fact that while AB 2293 also used the term a personal vehicle, AB 2293 did not expressly define the term. (See Pub. Util. Code § 5431(a).)

<sup>2</sup> Following a grant of limited rehearing via D.14-04-022, the Commission issued D.14-11-043 which modified D.13-09-045. Neither the grant of rehearing nor the modification provided any further explication of the term personal vehicle.

San Francisco Municipal Transportation Agency requested that the Commission amend the scope of this proceeding to clarify the definition of personal vehicles. This request was driven by the fact that some TNCs had entered into contractual arrangements with non-regulated entities in order to provide vehicles on a short-term basis to drivers wishing to provide TNC services in California.

In light of this development in the TNC business model, the Commission determined that it was appropriate to conduct a further analysis of the personal vehicle concept. On June 6, 2016, the Assigned Commissioner issued a ruling that invited the parties to comment on how expansively the term personal vehicle should be defined, and what ancillary safety considerations should be taken into account in formulating that definition. The parties served and filed opening comments on July 11, 2016,<sup>3</sup> and reply comments on July 25, 2016.<sup>4</sup>

While the Commission was investigating how best to define personal vehicle in a way that recognized the expanded TNC business model, and also promoted both public safety and efficient regulatory administration, the Legislature began considering Assembly Bill (AB) 2763 (Gatto), which also sought to define personal vehicle. Passed by the Legislature and signed into law on September 28, 2016, AB 2763 added §5431(b) to the Pub. Util. Code which defined personal vehicle as follows:

(b) “Personal vehicle” means a vehicle that is used by a participating driver to provide prearranged transportation services for compensation that meets all of the following requirements:

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<sup>3</sup> Opening comments were filed by SFMTA/SFO, SFTWA, Dolan, Rasier-CA, LLC, Lyft, Transform, Evercar, Technology Network, General Motors, LLC and Maven Drive, LLC, and Secureride.

<sup>4</sup> Reply comments were filed by SFMTA/SFO, SFTWA, Rasier-CA, LLC, Lyft, General Motors, LLC and Maven Drive, LLC, Evercar, and Technology Network.

- 1) Has a passenger capacity of eight persons or less, including the driver.
- 2) Is owned, leased, rented for a term that does not exceed 30 days, or otherwise authorized for use by the participating driver.
- 3) Meets all inspection and other safety requirements imposed by the commission.
- 4) Is not a taxicab or limousine.

### **1.3. Phase III**

On October 26, 2016, the assigned Commissioner issued her Ruling on Phase 3 Issues. Phase 3 was divided in to two sub-phases – A and B. Sub-phase A concerns the concept of personal vehicles.

## **2. Statutory Rules of Construction**

As this decision requires us to determine the meaning of a statute, we begin by setting forth the rules for statutory interpretation. Over the years, California courts have adopted a three-part test for ascertaining the meaning of a statute. “First, we must ascertain the intent of the Legislature by examining the language of the statute, giving their words ‘their ordinary meaning.’” (*People v. Canty* (2004) 32 Cal.4th 1266, 1276.) This is known as the plain meaning rule or test. (See *Burden v. Snowden* (1992) 2 Cal.4th 556, 562.) In looking at the meaning of a statute, we adhere to the maxim *expressio unius est exclusion alterus* – “the express inclusion of something in a statutory provision implies that other things are excluded, even if the exclusion is not express.” (Decision (D.) 07-11-049, at 3, citing to *Dean v. Superior Court* (1998) 62 Cal. App.4th 638, 641; see also *People v. Nichols* (1970) 3 Cal.3d 150, 161; and *Southern California Gas Co. v. Public Utilities Commission* (1979) 24, Cal.3d 653, 659.) If a statute’s “meaning is without ambiguity, doubt, or uncertainty, then the language controls.” (*Halbert’s Lumber, Inc. v. Lucky Stores, Inc.* (1992) 6 Cal.App.4th 1233, 1239.)

In Decision (D.) 01-11-031, the Commission set forth the following additional guidelines to follow in employing the plain meaning rule:

We look to the well-recognized principles of statutory construction. The California Supreme Court has stated: “To interpret statutory language, the courts must ascertain the intent of the legislature so as to effectuate the purpose of the law.” (*California Teachers Assn. v. Governing Bd. of Rialto United School Dist.* (1997) 14 Cal.4<sup>th</sup> 627, 632.) In determining the Legislature’s intent, they are to “scrutinize the actual words of the statute giving them a plain and commonsense meaning.” (*People v. Vallodoli* (1996) 13 Cal.4<sup>th</sup> 590, 597.) “In construing a statute, a court may consider the consequences that would follow from a particular construction and will not readily imply an unreasonable legislative purpose. Therefore, a practical construction is preferred.” (*California Correctional Peace Officers Assn. v. State Personnel Bd.* (1995) 10 Cal.4<sup>th</sup> 1133, 1147.) “In analyzing statutory language, we seek to give meaning to every word and phrase in the statute to accomplish a result consistent with the legislative purpose. . . .” (*Harris v. Capital Growth Investors XIV* (1991) 52 Cal.3d 1142, 1159.)<sup>5</sup>

Second, if the meaning of a statute is not clear, or is susceptible to more than one reasonable meaning, we must take the next step and refer to the legislative history. (*Halbert’s, supra*, 6 Cal.App.4<sup>th</sup>, at 1239; and *Long Beach Police Officers Association v. City of Long Beach* (1988) 46 Cal.3d 736, 743.) It is the duty of the courts or other interpreting agency to accept “that intended by the framers of the legislation, so far as its intention can be ascertained.” (*Sand v. Superior Court* (1983) 34 Cal.3d 567, 570.)

Third, if the first two steps fail to reveal the plain meaning of the statute, then the words should be interpreted to make them workable and reasonable, practical, in accord with common sense and justice, and to avoid an absurd result. (*Halbert’s, supra*, 6 Cal.App.4<sup>th</sup>, at 1240; *Regents of University of California*

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<sup>5</sup> D.01-11-031 at 6.

*v. Superior Court* (1970) 3 Cal.3d 529, 536-537; *People v. Hinojosa* (1980) 103 Cal.App.3d 57, 64; and *In re Eric J.* (1979) 25 Cal.3d 522, 537.)

As part of its regulatory power, the Commission has the authority to interpret and apply those statutes passed by the Legislature that impact the Commission's power to regulate the utilities and entities subject to its jurisdiction. This is especially true with respect to the Commission's jurisdiction over TNCs, as Pub. Util. Code § 5441 makes clear:

The Legislature does not intend, and nothing in this article shall be construed, to prohibit the commission from exercising its rulemaking authority in a manner consistent with this article, or to prohibit enforcement activities related to transportation network companies.

In order to exercise its rulemaking authority in a manner consistent with Article 7 (Transportation Network Companies),<sup>6</sup> the Commission must interpret the laws that the Legislature has passed to ensure the Commission acts in accordance with the Legislature's will, and nothing in AB 2763 alters the Commission's regulatory duty to interpret and apply laws concerning the regulation of TNCs.<sup>7</sup>

### **3. Plain meaning analysis**

#### **3.1. Owned Vehicles**

By owned, we interpret this word to mean the person (i.e. either an individual or corporation) who has legal title to the vehicle, as evidenced by the registration with the California Department of Motor Vehicles. Such a construction is consistent with the plain meaning of the word "owned", which is

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<sup>6</sup> Article 7 added by Stats. 2014, Ch. 389, Sec. 1. (AB 2293) Effective January 1, 2015.

<sup>7</sup> Examples of the Commission interpreting statutes that impact this proceeding include D.14-11-043(the Commission interpreted and applied AB 2293's newly enacted insurance requirements); and Decision 14-05-030 (the Commission interpreted the Intervenor Compensation statute and determined that it did not apply to transportation proceedings).

defined as “to have or hold as property or appurtenance; have a rightful title to, whether legal or natural.”<sup>8</sup> This construction is also in accordance with the procedure for establishing ownership of a vehicle through the presentation of an application for registration with the Department of Motor Vehicles as the legal owner of a vehicle, accompanied by the payment of the prescribed fees, after which the Department of Motor Vehicles registers the party as the legal owner.<sup>9</sup>

Moreover, our conclusion is consonant with the first portion of Pub. Util. Code § 5362’s definition of owner in the context of TCP drivers:

“With respect to a motor vehicle used in the transportation of persons for compensation by a charter-party carrier of passengers, “owner” means the corporation or person who is registered with the Department of Motor Vehicles as the owner of the vehicle[.]”

This definition is also in sync with Vehicle Code § 460’s definition of owner:

An “owner” is a person having all the incidents of ownership, including the legal title of a vehicle whether or not such person lends, rents, or creates a security interest in the vehicle; the person entitled to the possession of a vehicle as the purchaser under a security agreement; or the State, or any county, city, district, or political subdivision of the State, or the United States, when entitled to the possession and use of a vehicle under a lease, lease-sale, or rental-purchase agreement for a period of 30 consecutive days or more.

Thus, the Commission’s construction of “owned” as requiring legal title is consistent with the plain meaning of “owned”, as well as pertinent statutory definitions found in the Pub. Util. Code and the Vehicle Code.

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<sup>8</sup> Webster’s *Third New International Dictionary* at 1612.

<sup>9</sup> See Vehicle Code § 4150, et seq.



### **3.2. Leased, Rented Vehicles for a Term that does not Exceed 30 days**

#### **3.2.1. Leased, Rented Vehicles**

In the context of a vehicle, leased and rented have similar definitions. “Leased” means an item of personal property that through a contractual arrangement is conveyed to a lessee for a specific term and price.<sup>10</sup> “Rented” means to grant possession of an item for use in return for payment.<sup>11</sup> Thus, both definitions contemplate the existence of: (1) a party (either a lessor or a renter) who has legal title to a vehicle; (2) a party (either a lessee, renter, or authorized user) who wants use a vehicle; and (3) a written contract (either a lease or rental agreement) that sets forth the terms of the agreement including length of the agreement, pricing, and the payment schedule. The major distinction between these two vehicle possession options is that leases are for longer terms, usually in excess of four months.<sup>12</sup>

Our conclusion that lease and rental are comparable but distinct concepts is supported by our analysis of other statutes that have used both terms. The Legislature has, at times used them in statutes separated by the disjunctive “or.” (See e.g. Pub. Util. Code § 5362, which uses the phrase “legal right to possession of the vehicle pursuant to a lease or rental agreement;” and Vehicle Code § 370, which uses the terms ‘lease-sale, or rental-purchase agreement.’) The use of the word “or” in the context of statutory interpretation means only one of the listed

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<sup>10</sup> Webster’s *Third New International Dictionary* at 1286.

<sup>11</sup> *Id.*, at 1923.

<sup>12</sup> For example, Vehicle Code §371 states: “Lessee includes ‘bailee’ and is a person who leases, offers to lease, or is offered the lease of a motor vehicle for a term exceeding four months.” (See also Vehicle Code § 372 which also defines a lessor as a person who offer to leave a motor vehicle for a term exceeding four months.) In contrast, Vehicle Code §508 states: “A ‘renter’ is a person who is engaged in the business of renting, leasing or bailing vehicles for a term not exceeding four months and for a fixed rate or price.”

requirements on either side of the word “or” need be satisfied. (See *e.g.* *Zurich v. Long Beach Fire and Ambulance Service* (9th Cir. 1997) 118 F.3d 682, 684; *United States v. O’Driscoll* (10th Cir. 1985) 761 F.2d 589, 597-598.) This grammatical distinction indicates a recognition on the Legislature’s part that while the end result in defining personal vehicle is to place a vehicle in the temporary possession of a person, leases and rentals are two differing options that a prospective TNC driver can satisfy in order to provide transportation services in California.

This conclusion is also in harmony with the current nature of TNC operations. By including the words “leased” and “rented”, the Legislature has attempted to deal with the reality that the TNC industry has grown to the point that some TNC drivers lease or rent vehicles on a short-term basis in order to provide transportation services. For example, Rasier-CA states that it has entered into what it terms “strategic partnerships” with nationally-recognized rental companies and ensures that those vehicles meet the Commission’s existing vehicle inspection, trade dress, and insurance requirements.”<sup>13</sup> Similarly, Lyft claims that one of the driving options it makes available to prospective drivers who wish to use the Lyft platform is a short-term rental program called “Express Drive.”<sup>14</sup>

We have also learned through party comments that this rental-lease phenomenon is not limited to the California TNC market. General Motors and Maven Drive claim that the TNC Insurance Compromise Model Bill also defines personal vehicle to include a lease arrangement, and that numerous states have

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<sup>13</sup> Rasier-CA’s Opening Comments at 7.

<sup>14</sup> Lyft’s Opening Comments at 4.

adopted personal vehicle definitions based on the Model Bill's language.<sup>15</sup> As such, the Legislature's decision to create different classes of personal vehicles is consistent with how other jurisdictions have attempted to address the regulation of TNCs drivers by casting an expansive regulatory net over the concept of personal vehicles.

### **3.2.2. For a Term That Does Not Exceed 30 Days**

Given this phrase's placement, we must address whether the phrase "for a term that does not exceed 30 days" applies to both leases and rentals or to only rentals. We resolve this question by resorting to the rule of statutory interpretation known as the last or immediate antecedent. (*White v. County of Sacramento* (1982) 31 Cal.3d 676, 680; *Board of Port Commissioners v. Williams* (1937) 9 Cal.2d 381, 389.) Referential or qualifying phrases refer solely to the last antecedent, unless common sense or context indicates that it was meant to apply to something more distant. (*Renee J. v. Superior Court* (2001) 26 Cal.4th 735, 743-744; and *Anderson v. State Farm Mutual Auto Ins. Co.* (1969) 270 Cal.App.2d 346, 349.) Since the phrase "for a term that does not exceed 30 days" immediately follows rented, we conclude that a personal vehicle that a TNC driver who rents without an intent to own the vehicle is limited to a 30 day term.

Our conclusion that the 30 day limit should be confined to rentals is consistent with the concept of a lease, which is for a period greater than four months. (*See* Vehicle Code § 371, cited, *supra*, in footnote 12.) To interpret the phrase otherwise would result in two contradictory statutory definitions of a leased vehicle (*i.e.* one for no more than 30 days, and one for more than four

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<sup>15</sup> General Motors LLC and Maven Drive LLC's Opening Comments at 7. The Model Bill defines personal vehicle that is "owned, leased or otherwise authorized for use by the Transportation Network Company Driver."

months), a result that would be contrary to the rule that statutory construction must take into account the consequences of an interpretation and must avoid an interpretation that leads to an unreasonable legislative purpose. (*California Correctional Peace Officers Assn., supra*, 10 Cal.4th at 1147.) We do not believe it would have been the Legislature's intent to draft Pub. Util. Code § 5431(b) in a manner that contradicts Vehicle Code § 371. As such, we limit the phrase "for a term not to exceed 30 days" to vehicle rentals.<sup>16</sup>

### **3.2.3. Or Otherwise Authorized for Use by the Participating Driver**

We are then left with determining this last phrase "or otherwise authorized for use by the participating driver." Authorized means sanctioned or endowed with the requisite approval.<sup>17</sup> In the TNC personal vehicle context, authorized means a legal grant of permission, from the legal owner of a vehicle or the person who has the right of possession of a vehicle, to a prospective TNC driver to utilize a vehicle in order to provide transportation services. And by using the disjunctive "or," the intent was to provide for a different class or classes of vehicle possession distinguished from a rental for 30 days or a lease. As such, as long as the TNC driver is authorized by the TNC, or some other entity with the legal right to confer authorization, to use a personal vehicle to provide transportation services, any length of time greater than 30 days for the

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<sup>16</sup> We also believe that our construction of the phrase is consistent with the rules of statutory construction to separate the term owned from the phrase "for a term that does not exceed 30 days." The definitions of "owned" and "owner" that the Commission has reviewed do not tie ownership to a 30 day time frame. In fact, limiting ownership to 30 days would be inconsistent with Vehicle Code § 4601 (a), in which the Department of Motor Vehicles sends out annual—as opposed to 30 day—renewal notices to registered vehicle owners.

<sup>17</sup> Webster's *Third New International Dictionary* at 147.

authorization is permissible. Placing the phrase in context<sup>18</sup> gives it an interpretation that does not swallow up the meanings of “owned”, “rented”, and “leased”, thus allowing both the words and phrases to be separately and harmoniously defined.

We must next determine if it is possible to define additional possible types of vehicle authorizations. A review of the relevant statute reveals that there are other types of vehicle possession besides a lease or a rental for 30 days. For example, Vehicle Code § 370 mentions lease-sales and rental-purchase agreements:

A “legal owner” is a person holding a security interest in a vehicle which is subject to the provisions of the Uniform Commercial Code, or the lessor of a vehicle to the State or to any county, city, district, or political subdivision of the State, or to the United States, under a lease, lease-sale, or rental-purchase agreement which grants possession of the vehicle to the lessee for a period of 30 consecutive days or more.

Since lease-sales and rental-purchase agreements can be for more than 30 days, these are two examples of the types of vehicle authorizations that can reasonably be contemplated by this last definition of a personal vehicle provide by Pub. Util. Code § 5431(b). We can also envision a situation where a valid rental agreement is for a period in excess of 30 days as long as the agreement has been authorized.

In engaging in this exercise, however, we do not believe that it is necessary at this time for the Commission to cogitate about every conceivable type of authorized use that the TNCs might develop in the future. As the TNC industry

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<sup>18</sup> In *Gustafson v. Alloyd Co., Inc.* (1994) 513 U.S. 561, 575, the Supreme Court called the doctrine of *noscitur a sociis* (“it is known by the company it keeps”), in which a word in a statute is known or understood by the words around it in order to avoid ascribing to one word a meaning so broad that it is inconsistent with its accompanying words. In *Clements v. T.R. Bechtel Co.* (1954) 43 Cal.2d 227, 233 the California Supreme Court expressed similar guidance: “Every word, phrase and provision employed in a statute is intended to have meaning and to perform a useful function.”

continues to evolve, we believe that the TNCs will develop additional types of authorized-use arrangements and will report them to the Commission's Transportation Enforcement Branch.

#### **4. The Remaining Rules of Statutory Interpretation**

Since the plain meaning rule has provided the Commission with the means to interpret Pub. Util. Code § 5431(b)(2), and finding no ambiguity in its language, we need not resort to the second and third rules of statutory interpretation.

#### **5. Compliance with Existing TNC Regulations**

No matter what vehicle ownership or possession arrangement a driver chooses to access a personal vehicle, the Commission's existing regulations will apply if the driver wishes to utilize the personal vehicle to provide TNC services. First, the driver must have personal use of the vehicle. Second, each TNC must ensure that each personal vehicle used by their drivers complies with all applicable regulations including, but not limited to, the insurance requirements, a 19-point vehicle inspection performed at a California Bureau of Automotive Repair-licensed facility, and trade dress rules.<sup>19</sup> Third, in the event the Commission adopts additional regulations in the future, each TNC must ensure that the vehicles they provide to the TNC drivers, or the vehicles that the TNC drivers' own, comply with all additional TNC-related regulations.

#### **6. Comments on Proposed Decision**

The proposed decision of Commissioner Liane M. Randolph in this matter was served on the parties in accordance with Public Utilities Code § 311, and comments are allowed pursuant to Rule 14.3 of the Commission's Rules of

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<sup>19</sup> See D.13-09-045, modified by D.14-11-043, and D.16-04-041.

Practice and Procedure. Comments were filed by \_\_\_\_\_, and reply comments were filed by \_\_\_\_\_.

### **Findings of Fact**

1. D.13-09-045 created a new category of transportation charter party carrier (TCP) of passengers called TNCs' that were subject to this Commission's jurisdiction pursuant to Article XII of the California Constitution and the Passenger Charter-party Carriers' Act.

2. In D.13-09-045, Finding of Fact # 8, a TNC was defined as an organization that provides prearranged transportation services for compensation using an online-enable application or platform to connect passengers with drivers using their personal vehicles.

3. In D.13-09-045, Finding of Fact # 10, the term private vehicles was used.

4. D.13-09-045 did not define either personal vehicles or private vehicles.

5. On June 6, 2016, the Assigned Commissioner issued a ruling and invited the parties to comment on how expansively the term personal vehicle should be defined, and what ancillary safety considerations should be taken into account in formulating that definition. The parties served and filed opening comments on July, 11, 2016, and reply comments on July 25, 2016.

6. The Legislature passed AB 2763, which was signed into law on September 28, 2016.

7. AB 2763 added §5431(b) to the Pub. Util. Code and defined personal vehicle as follows:

(b) "Personal vehicle" means a vehicle that is used by a participating driver to provide prearranged transportation services for compensation that meets all of the following requirements:

- (1) Has a passenger capacity of eight persons or less, including the driver.
- (2) Is owned, leased, rented for a term that does not exceed 30 days, or otherwise authorized for use by the participating driver.
- (3) Meets all inspection and other safety requirements imposed by the commission.
- (4) Is not a taxicab or limousine.

8. On October 26, 2016, the assigned Commissioner issued her Ruling on Phase 3 Issues. Phase 3 was divided in to two sub-phases – A and B. Sub-phase A concerns the concept of personal vehicles.

### **Conclusions of Law**

1. “Owned” should be interpreted to mean the person (i.e. either an individual or corporation) who has legal title to the vehicle, as evidenced by the registration with the California Department of Motor Vehicles as the owner of the vehicle.

2. “Leased” should be interpreted to mean a vehicle that, through a contractual arrangement, is conveyed to a TNC driver for a specific term and price.

3. “Rented” should be interpreted to mean to grant possession of a vehicle to a TNC driver for a period not to exceed 30 days.

4. Both definitions of leased and rented contemplate the existence of: (1) a party (either a lessor or a renter) who has legal title to a vehicle; (2) a party (either a lessee, renter, or authorized user) who wants use a vehicle; and (3) a written contract (either a lease or rental agreement) that sets forth the terms of the agreement including length of the agreement, pricing, and the payment schedule.



5. The phrase “or otherwise authorized for use” should be interpreted expansively, and encompasses any other form of vehicle possession beyond a lease or a 30 day rental (such as a rental in excess of 30 days) so that a TNC driver can legally provide transportation services in California.

## **O R D E R**

### **IT IS ORDERED that:**

1. Personal vehicle is defined as follows:

(b) “Personal vehicle” means a vehicle that is used by a participating driver to provide prearranged transportation services for compensation that meets all of the following requirements:

(1) Has a passenger capacity of eight persons or less, including the driver.

(2) Is owned, leased, rented for a term that does not exceed 30 days, or otherwise authorized for use by the participating driver.

(3) Meets all inspection and other safety requirements imposed by the commission.

(4) Is not a taxicab or limousine.

2. No matter what vehicle possession arrangement a Transportation Network Company (TNC) driver chooses, the Commission’s existing regulations will apply if the TNC driver wishes to provide transportation services in California. Each TNC must ensure that each personal vehicle used by their TNC drivers complies with all applicable regulations, including but not limited to the insurance requirements, a 19-point vehicle inspection performed at a California Bureau of Automotive Repair-licensed facility, and trade dress rules.

3. In the event the Commission adopts additional regulations in the future, each Transportation Network Company (TNC) must ensure that the vehicles

they provide to the TNC drivers, or the vehicles that the TNC drivers' own, comply with all additional TNC-related regulations.

4. This proceeding shall remain open.

Dated \_\_\_\_\_, at San Francisco, California.